

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIR BOB STORY**, on August 9, 2002 at 9:00 A.M., in Room 137 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chair (R)
Rep. Ron Erickson, Vice Chair (D)
Rep. Roger Somerville, Vice Chair (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Gary Branae (D)
Rep. Eileen J. Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David E. Wanzenried (D)

Members Excused: Rep. Joe Balyeat (R)
Rep. Trudi Schmidt (D)

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Pam Schindler, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB23-Tabled

EXECUTIVE ACTION ON HB23

Motion: REP. WADDILL moved that HB23 DO PASS.

Rep. Waddill has Amendments:

Amendment: Page 2 (8/7/02- 8:02 a.m.)

Jeff Martin -Technical amendment. 1.) inserts "products" after tobacco. 2.) strikes "distributors and retailers"

Vote: Motion that HB23 BE AMENDED passed unanimously.

Amendment: Page 2, line 17 (8/9/02-8:05 a.m.)

Jeff Martin: What this does is increases the distribution to the Long Range Building Program and to Veteran's to make the distribution revenue neutral to existing law. When the initial distribution amounts were calculated, they didn't take into account the DOR's assumption. An increase in tobacco taxes will lead to a decrease in consumption. F.N. 8% decline in consumption first year with new tax in effect. Raise the % distribution to get the same allocation to these two areas as is current law.

Rep. Story-This relates to everyone's guess what consumption will do.

Vote: Motion that HB23 BE AMENDED carried unanimously.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 70}

Motion: REP. WADDILL moved that HB23 DO PASS AS AMENDED.

EXHIBIT(tah05a0

1)

EXHIBIT(tah05a0

2)

EXHIBIT(tah05a0

3)

Discussion:

Rep. Waddill-Make this "short and sweet"; 3 main points. Tobacco is still the leading cause of preventable death in Montana. This year Montanan's will spend over \$216M between tobacco related disease, including \$52M covered by state Medicaid programs. Majority of registered voters in Montana support an increase in tobacco tax. 86%. Non-smokers of Montana are taking the burden of the costs of the smokers. User fee.

Rep. Cyr-"Medical testifier beat the lawyers at their own game". Not a tax bill; recoup medical costs by smokers. A political football.

Rep. Erickson-Strongly in support of bill. Suggest his numbers of 68% or 86% are certainly the numbers I find. Smoker's support also. Relates story of constituent who chews tobacco, trip to Seattle and the costs of chewing tobacco here vs. there. Montana is cheaper. We will not loose sales. We pay taxes so that those people who continue to smoke can have their Medicaid paid.

Rep. Carney-Like to address what **Rep. Balyeat** said yesterday about "Social Engineering". Risky Behavior; then accept the costs of that behavior. Smokers do not pay, they use medical services more.

Rep. Branae-Struggled with this; society is paying, but cannot support this bill. If I was assured this money would go to health care costs and not just to the General Fund, I may have voted for this.

Vote: Motion that HB23 DO PASS AS AMENDED failed 5-15 with Andersen, Bales, Balyeat, Branae, Dale, Devlin, Esp, Forrester, Fuchs, Jackson, Schmidt, Somerville, Story, Waitschies, and Wanzenried voting nay.

Motion/Vote: REP. DEVLIN moved that HB23 BE TABLED. Motion carried unanimously. Reverse the Vote.

{Tape : 1; Side : A; Approx. Time Counter : 70 - 196}

ADJOURNMENT

Adjournment: 9:15 A.M.

REP. BOB STORY, Chair

PAM SCHINDLER, Secretary

BS/PS

EXHIBIT(tah05aad)